



## FEDERAL RESERVE BANK OF DALLAS

2200 N. PEARL ST.  
DALLAS, TX 75201-2272

October 3, 2005

**Notice 05-58**

**TO:** The Chief Executive Officer of each  
financial institution and others concerned  
in the Eleventh Federal Reserve District

### **SUBJECT**

**Agencies Announce Orders Exempting Bank Transfer Agents  
Affected by Hurricane Katrina**

### **DETAILS**

The federal banking agencies have announced the issuance of orders granting emergency relief to bank transfer agents affected by Hurricane Katrina. The orders cover national banks, state member banks, state nonmember banks, bank holding companies, and bank subsidiaries. The relief applies retroactively for the period beginning August 29, 2005, through October 17, 2005.

Transfer agents maintain records related to the issuance and transfer of securities and provide operational assistance in the sale and transfer of ownership of securities. These agents also may disburse dividends and send corporate information, including proxies, to holders of securities. The storm and its aftermath have resulted in a lack of communications, facilities, and available staff, which could hamper the efforts of transfer agents to access securities, records, and funds, and to process securities transactions.

To address compliance issues caused by Hurricane Katrina and its aftermath, the orders conditionally exempt banks, bank holding companies, and bank subsidiaries acting as transfer agents from compliance with Section 17A of the Securities Exchange Act of 1934. These orders, which are being issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, complement an order issued by the Securities and Exchange Commission on September 15, 2005, that

exempts transfer agents under the SEC's jurisdiction from the requirements of Section 17A of the Securities Exchange Act of 1934.

Any transfer agents or other persons requiring additional assistance are encouraged to contact staff at the agencies for individual relief or interpretive guidance.

#### **ATTACHMENT**

A copy of the Board's order dated September 26, 2005, is attached.

#### **MORE INFORMATION**

For more information, please contact Barbara Hendrix, Banking Supervision Department, (214) 922-6256. Previous Federal Reserve Bank notices are available on our web site at [www.dallasfed.org/banking/notices/index.html](http://www.dallasfed.org/banking/notices/index.html) or by contacting the Public Affairs Department at (214) 922-5254.

BOARD OF GOVERNORS □  
OF THE □  
FEDERAL RESERVE SYSTEM □

ORDER UNDER SECTION 17A OF THE SECURITIES EXCHANGE ACT OF 1934  
GRANTING EXEMPTIONS FROM SPECIFIED PROVISIONS OF THE ACT AND  
CERTAIN RULES THEREUNDER FOR MEMBER BANK AND BANK HOLDING  
COMPANY TRANSFER AGENTS

Section 3(a)(34)(B) of the Securities Exchange Act of 1934 (“the Act”)(15 U.S.C. 78c(a)(34)(B)) designates the Board of Governors of the Federal Reserve System (“Board”) as the “appropriate regulatory agency” (“ARA”) for transfer agents required to register under section 17A of the Act (15 U.S.C. 78q-1) if the transfer agent is a State member bank, a subsidiary thereof, a bank holding company, or a subsidiary of a bank holding company that is a bank other than a national bank or state nonmember bank (hereinafter “Board-regulated transfer agents”).

Section 208.31 of Regulation H (12 CFR 208.31) requires that Board-regulated transfer agents subject to registration under section 17A of the Act should follow the rules adopted by the SEC under section 17A of the Act for registration and operational and reporting requirements, with references to the SEC being deemed to be references to the Board. Section 225.4(d) of Regulation Y (12 CFR 225.4(d)) provides that bank holding companies and nonbanking subsidiaries for which the Board is the ARA are subject to section 208.31 of Regulation H as if they were member bank transfer agents.

Section 17A(c)(1) of the Act (15 U.S.C. 78q-1(c)(1)) provides that the appropriate regulatory agency, by rule or by order, upon its own motion or upon application, may conditionally or unconditionally exempt any person or security or class of person or securities from any provision of that section or any rule or regulation prescribed under Section 17A of the Act, if that agency finds that such exemption is in the public interest and consistent with the protection of investors and the purposes of this section, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds. Section 17A(c)(1) of the Act also requires that the Securities and Exchange Commission (“SEC”) not object to the use of exemptive authority in instances where an appropriate regulatory agency other than the SEC is providing exemptive relief.

Hurricane Katrina made landfall along the Gulf Coast on August 29, 2005, and caused catastrophic damage to portions of Alabama, Louisiana, and Mississippi. The storm and subsequent flooding displaced individuals and businesses and disrupted communications across the Gulf Coast region. The Board is issuing this Order to address the compliance requirements of Board-regulated transfer agents located within the Presidentially declared disaster areas where individual assistance has been authorized by the Federal Emergency Management Agency as a result of Hurricane Katrina (the “Presidential Disaster Areas”), which include the Louisiana parishes of: Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans,

Pointe Coupee, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Mary, St. Martin, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge, and West Feliciana; the Mississippi counties of: Adams, Amite, Attala, Claiborne, Choctaw, Clark, Copiah, Covington, Forrest, Franklin, George, Greene, Hancock, Harrison, Hinds, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River, Perry Pike, Rankin, Scott, Simpson, Smith, Stone, Walthall, Warren, Wayne, Wilkinson, Winston, and Yazoo; and the Alabama counties of Baldwin, Clarke, Choctaw, Mobile, Pickens, Greene, Hale, Sumter, Tuscaloosa, and Washington. This Order also addresses the compliance requirements of Board-regulated transfer agents located outside the Presidential Disaster Areas who must transact business with companies and individuals located within the Presidential Disaster Areas.

### **TRANSFER AGENT COMPLIANCE WITH SECTION 17A OF THE ACT AND THE RULES PROMULGATED THEREUNDER**

Section 17A of the Act, and the rules promulgated thereunder, contain requirements for registered transfer agents relating to, among other things, processing securities transfers, safekeeping of investor and issuer funds and securities, and maintaining records of investor ownership. After Hurricane Katrina, registered transfer agents located in the affected region may have difficulty complying with some or all of their obligations as registered transfer agents. In addition, in many cases, transfer agents located outside the affected region may be unable to conduct business with entities or securityholders inside the region, thereby making it difficult to process securities transactions and corporate actions in conformance with Section 17A of the Act and the rules thereunder.

While the national clearance and settlement system continues to operate well in light of this emergency, the Board recognizes that securities transfers and payments to and from securityholders in the affected region may present compliance issues for some Board-regulated transfer agents. Therefore, the Board is using its authority under Section 17A of the Act to relax temporarily certain regulatory provisions in order to provide Board-regulated transfer agents with flexibility in coping with the situation. The Board finds the granting of exemptive relief to be in the public interest and consistent with the protection of investors and the purposes of Section 17A of the Act, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds. The Board has consulted with the SEC regarding this exemptive relief. The SEC has issued substantially identical exemptive relief for transfer agents under its jurisdiction.

Accordingly, IT IS ORDERED, pursuant to Section 17A of the Act, that any registered Board-regulated transfer agent located in the Presidential Disaster Areas that is unable to comply with Section 17A of the Act and the rules promulgated thereunder, as applicable, is hereby temporarily exempted from complying with such provisions for the period from and including August 29, 2005, to October 17, 2005, where both of the conditions below are satisfied.

*Conditions*

(a) Books and Records Maintained at Affected Locations. A registered Board-regulated transfer agent that maintained books and records at locations inside the Presidential Disaster Areas must notify the Federal Reserve Bank of Atlanta in writing by October 17, 2005, if such transfer agent knows or believes that the books and records it is required to maintain pursuant to Section 17A of the Act and the rules thereunder were lost, destroyed, or materially damaged. To the extent feasible, the transfer agent should include as much information as possible as to the type of books and records that were maintained, the names of the issuers for whom such books and records were maintained, and the extent of the loss of, or damage to, such books and records.

(b) Securityholder Funds and Securities. A registered Board-regulated transfer agent holding securityholder or issuer funds or securities must notify the Federal Reserve Bank of Atlanta in writing by October 17, 2005, if such transfer agent knows or believes that funds or securities belonging to either issuers or securityholders were lost, destroyed, stolen, or unaccountable for any reason. To the extent possible, the transfer agent should include information regarding the dollar amount of any such funds and the number of such securities.

Board-regulated transfer agents that have custody or possession of any securityholder or issuer funds or securities shall use all reasonable means available to ensure that all such securities are held in safekeeping and are handled, in light of all facts and circumstances, in a manner reasonably free from risk of theft, loss, or destruction, and that all funds are protected against misuse. To the extent possible, all securityholder or issuer funds that remain in the custody of the transfer agent shall be maintained in a separate bank account held for the exclusive benefit of securityholders until such funds are properly remitted.

The notifications required under (a) and (b) above should be sent to:

Mr. John Atkinson, Assistant Vice President  
Federal Reserve Bank of Atlanta  
1000 Peachtree Street, N.E.  
Atlanta, GA 30309-4470

IT IS FURTHER ORDERED, pursuant to Section 17A of the Act, that any registered Board-regulated transfer agent that is residing outside the Presidential Disaster Areas and is unable to comply with any provision of Section 17A of the Act or any provision of any rule thereunder due to an inability to conduct business with persons (entities or individuals) inside the Presidential Disaster Areas or an inability to remit funds or securities to securityholders residing in the Presidential Disaster Areas is hereby temporarily exempted from compliance with such provisions with respect to those specific transactions for the period from and including August 29, 2005, to October 17, 2005, on the condition that such transfer agent must make and keep a record of the extent of and the reason for noncompliance and retain those records for a period of no less than three years. As a further condition to this exemption, to the extent the transfer agent has not already done so, registered transfer agents shall maintain in a separate bank account held for the exclusive benefit of securityholders all securityholder funds to be remitted to securityholders until such funds are properly remitted to the securityholders.

\* \* \* □

The Board encourages registered transfer agents and the issuers for whom they act to inform affected securityholders whom they should contact concerning their accounts, their access to funds or securities, and other shareholder concerns. If feasible, issuers and their transfer agents should consider placing a notice on their websites or providing toll-free numbers to respond to inquiries.

Transfer agents experiencing difficulties in complying with obligations after October 17, 2005, or in need of additional information, should contact Charles Rich, Supervisory Financial Analyst, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, at (202) 452-2015.

By order of the Board of Governors of the Federal Reserve System, September 26, 2005.

Jennifer J. Johnson (signed)

Jennifer J. Johnson □  
Secretary of the Board □